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ASCS
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Fact Sheet

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RICE

Summary of 1993 Support Program
and Related Information

United States
Department of
Agriculture

Agricultural
Stabilization and
Conservation
Service

November 1993

**LEGISLATIVE
AUTHORITY**

The Agricultural Act of 1949, as amended.

**ACREAGE
REDUCTION
PROGRAM (ARP)**

A five percent acreage reduction program has been announced for the 1993 crop. To be eligible for income and price support payments, farmers must limit 1993 rice plantings to no more than 95 percent of the farm's rice base. No optional paid land diversion program was offered for the 1993-crop rice.

**ACREAGE
CONSERVATION
RESERVE (ACR)**

Land designated as ACR must have been devoted to a row crop, small grain, perennial, biennial, or another annually planted crop in one of the last five years. Land chosen for ACR must also meet size and width requirements. Acreage designated as ACR under a previous production adjustment program is considered planted in the year designated.

The ACR acreage must be protected from wind, weeds, and water erosion throughout the year. At least half of the ACR acreage must be planted in an annual or perennial cover, but not to exceed 5 percent of the crop acreage base. Cost-sharing is available to plant a perennial cover that must be maintained for 3 years.

**MAXIMUM
PAYMENT
ACREAGE**

The maximum acreage for deficiency payments for 1993-crop rice will be 85 percent of the established crop acreage base less the acreage which is required to be devoted to approved conservation uses under an acreage reduction program. The 15 percent nonpayment acreage is known as "normal flex acres," described below.

**PLANTING
FLEXIBILITY**

Producers may plant certain other crops on up to 25 percent of any participating rice crop acreage base. This acreage is known as "flex" acreage, and the plantings can be credited as "considered planted" to rice.

**NORMAL AND
OPTIONAL FLEX**

The first 15 percent of the rice acreage base will be known as "normal flex acreage" (NFA) and the next 10 percent will be known as "optional flex acreage" (OFA).

Normal Flex Acres are not eligible for deficiency payments, whether or not they are planted to rice, or "flexed" to another crop. Nevertheless, program crops or oilseeds planted on NFA are eligible for price support loans and loan deficiency payments.

If **Optional Flex Acres** are planted to rice, they are eligible for price support loans, loan deficiency payments, and target price deficiency payments. If they are "flexed" to another crop, they are not eligible for target price deficiency payments. However, other program crops or oilseeds planted on OFA are eligible for price support loans.

FLEX CROPS

All crops may be harvested on flex acreage except:

- fruits and vegetables (not including adzuki, faba and lupin beans), and
- peanuts, tobacco, wild rice, trees and nuts.

TARGET PRICE

The 1993 established "target" price is \$10.71 per cwt.

DEFICIENCY PAYMENTS

If the market price received by farmers during the first five months of the marketing year (August through December) is at or above the target price, no deficiency payments will be made. If the average price is below the target price, eligible producers will receive payments at a rate equal to the difference between the target price and the higher of the loan level or the average market price.

ADVANCE DEFICIENCY PAYMENTS

Advance deficiency payments based on 50 percent of the projected deficiency payment rate of \$4.21 per cwt. (\$2.105) are available to producers enrolled in the 1993 program. The advance was paid in cash at signup and was limited to the producer's intended program acreage.

Final deficiency payments will be made starting in February 1994. Any advances received will be deducted from the total payment due. Producers who accept advance payments, but who later do not comply with program provisions, must immediately refund the advance with interest.

50/92 PROVISION AND PAYMENT ACREAGE

Deficiency payments are available on the lower of the acreage actually planted to rice or the maximum payment acreage (MPA). However, growers who plant less than their MPA may receive deficiency payments on a portion of their underplanted acreage.

If growers plant between 50 and 92 percent of their MPA to rice and devote the remaining acres of their MPA to a conserving use (CU), they will be eligible to receive deficiency payments on 92 percent of the MPA.

APPROVED NON-PROGRAM CROPS

Dry peas and lentils may be planted on up to 20 percent of the crop acreage base and receive considered planted credit. No deficiency payments will be paid on acreage devoted to these crops.

HAYING/GRAZING

Grazing of CU acreage (including the required 8 percent) of the 50/92 provision will be permitted except during 5 consecutive months between April 1 and October 31 as designated by the State Agricultural Stabilization and Conservation Committee.

On normal and optional flex acres, haying and grazing is permitted year round. Haying and grazing of Conservation Reserve Program acreage is prohibited.

LOAN RATE

The 1993 loan and purchase rate is \$6.50 per cwt. Loan rates for individual lots of rice are based on the class, milling yield, and quality of the rice. The whole kernel loan rates per pound are 10.75 cents for long grain and 9.75 cents for medium and short grain. The broken kernel rate is 5.37 cents. National average farm stored loan rates are \$6.67 per cwt. for long grain rice, \$6.11 per cwt. for medium grain rice, and \$5.89 per cwt. for short grain rice. Individual farm stored loan rates are established by State for each class of rice. Loans are available from harvest time through May 31, 1994. Loans mature on demand but not later than the last day of the ninth calendar month following the month in which the loan was approved.

Producers who pledge 1993 crop rice as collateral for a price support loan will not be permitted to purchase marketing certificates when repaying loans at a reduced rate.

LOAN REPAYMENT RATE

Loans made under the 1993-crop program may be repaid any time during the term of the loan. For 1993, the loan repayment rate is equal to the lesser of the loan rate and charges plus interest or the higher of 1) 70 percent of the loan rate based on national average milling yields, or 2) the world price for the rice in effect at the time the loan redemption occurs.

LOAN DEFICIENCY PAYMENTS

Eligible rice producers who forgo receiving price support loans may receive a cash payment equal to the gain which might be realized by repaying a price support loan. The gain is the difference between the loan rate and the prevailing world market price.

Under this option, producers may elect to apply for a loan deficiency payment during the loan availability period on a quantity of rice not to exceed their loan-eligible production.

WORLD PRICE

The Secretary of Agriculture announces the world price of rice based on a published formula. The world price is based on prices at which foreign-origin rice is being sold in world markets. Such prices are adjusted to U.S. quality and location and are calculated to a loan rate basis, that is, separately for long, medium, and short, whole milled kernels and for broken milled kernels. For the 1993 crop, any gain from

repaying a rice loan at a reduced rate and any loan deficiency payment rates will be calculated based on national average milling yields rather than the milling yield of an individual's rice.

**MARKETING
CERTIFICATE
PAYMENTS**

Marketing certificate payments will be made available to producers and eligible cooperatives obtaining loan deficiency payments or repaying price support loans if such transactions occur when the prevailing world price for the rice is below the minimum loan repayment rate. The payment amount will equal the difference between the minimum loan repayment rate for the eligible rice and the world market price multiplied by the quantity of eligible rice. Application for payments is realized when producers' requests for loan or loan deficiency payments are approved.

**CROP
ACREAGE BASES**

The 1993 acreage base for a farm is the average of the acres planted and considered planted (P and CP) during the previous three years (1990-1992). On farms that have been following an established rotation program, the acreage base reflects rotations.

**NON-
PARTICIPATING
CERTIFICATION**

Producers who choose not to participate in any annual program for program crops have a "zero certification" option that allows them to have their entire program crop acreage base considered as planted for base retention purposes. To qualify, they must certify that no acreage on the farm was planted to the program crop and that any fruit or vegetable planted on the farm was not in excess of normal plantings.

CROSS COMPLIANCE

Limited cross compliance is not in effect for the 1993 crops of wheat, corn, sorghum, barley, upland cotton, and rice.

**OFFSETTING
COMPLIANCE**

Offsetting compliance requirements will not apply. Program payment or loan eligibility for a commodity on a farm will not be affected by actions taken with respect to that commodity on another farm.

**FARM PROGRAM
PAYMENT YIELD**

The 1993 farm program payment yield is the payment yield for the 1990 crop year. However, any producer whose 1993 program yield is reduced below 90 percent of the 1985 program yield will receive deficiency payments sufficient to guarantee a return equal to 90 percent of the 1985 program yield. Proven yields are not authorized for the 1993 crops. Price support loans and loan deficiency payments, however, are not limited to production based on program yields.

PAYMENT LIMITATION

The basic limitation for deficiency and diversion payments is \$50,000 per person. Other payments for benefits such as that portion of deficiency payment attributable to a reduction in the statutory loan rate ("Findley" payment), loan deficiency payments and gains from marketing loans (except honey) are limited to an additional \$75,000 per person. The total payment limitation is \$250,000 per person.

**DIVISION OF
PAYMENTS**

Payments must be divided as the crops or proceeds are divided (or would have been divided if the crops had been produced).

**BINDING
CONTRACTS**

Contracts signed by program participants are binding and provide for liquidated damages for failure to comply with program requirements.

**DISASTER
PAYMENTS**

Disaster payments may be made only to producers for whom Federal crop insurance is not available. However, at the Secretary's discretion, disaster payments could be made if losses create an economic emergency too serious to be relieved by crop insurance or other Federal aid.

**WETLAND
CONSERVATION
PROVISIONS**

Any person who plants an agricultural commodity on wetland converted after December 23, 1985, will be ineligible for U.S. Department of Agriculture (USDA) program benefits for that year. Any person who converts a wetland after November 28, 1990, will be ineligible for USDA benefits for that year and subsequent years until the wetland is restored.

**HIGHLY ERODIBLE
LAND
CONSERVATION
PROVISIONS**

By the later of January 1, 1990, or 2 years after the Soil Conservation Service (SCS) completes soil survey mapping for an area, to be eligible for USDA benefits, all producers must have an approved conservation plan before planting an agricultural commodity on highly erodible land. Producers with approved conservation plans must be actively applying the conservation system contained in the plan.

Beginning January 1, 1995, all conservation systems must be fully applied on highly erodible land for a producer to earn program benefits. Those producers who have not fully applied their conservation system as of January 1, 1995, will remain ineligible for USDA program participation until SCS certifies that the conservation system is fully applied.

The United States Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, sex, religion, age, disability, political beliefs and marital or familial status. (Not all prohibited bases apply to all programs). Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact the USDA Office of Communications at (202) 720-5881 (voice) or (202) 720-7808 (TDD).

To file a complaint, write the Secretary of Agriculture, U.S. Department of Agriculture, Washington, D.C., 20250, or call (202) 720-7327 (voice) or (202) 720-1127 (TDD). USDA is an equal employment opportunity employer.

Summary Table I: Rice – Production, Supply, Use, Price and Income Measures – 1983 – 1993

	Unit	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94
PROGRAM PROVISIONS													
ARP/CLD	Percent	15	15/5/30	25	20/15	35	35	25	25	20	5	0	5
Allotment/Base	1000 Acres	3969	3946	4160	4234	4249	4183	4155	4168	4154	4155	4139	4123
Participation Rate	Percent	78	99	85	90	94	96	94	94	94	95	96	95
Comply Base/Pay Acres	1000 Acres	3093/2379	3857/1893	3517/2402	3814/2214	3978/2501	3998/2520	3918/2658	3906/2816	3890/2992	3947/3055	3989/3257	3988/3069
Idled: ACR	"	422	547	785	682	1305	1320	950	939	735	198	0	198
Idled: 50/92	"	na	na	na	na	174	238	138	245	287	654	439	466
Flex Idled/No rice	"	na	na	na	na	na	na	na	na	na	447	446	478
Diverted/PIK	"	--	192/1000	--	559	--	--	--	--	--	--	--	--
ACREAGE/YIELD													
Planted Acres	"	3295	2190	2830	2512	2381	2356	2933	2731	2897	2878	3174	3015
Harvested Acres	"	3262	2169	2802	2492	2360	2333	2900	2687	2823	2775	3130	2940
Harvested Yield	Pounds/Ac.	4710	4598	4954	5414	5651	5555	5514	5749	5529	5674	5722	5511
Program Yield	"	4825	4889	5000	5036	4713	4680	4859	4864	4849	4849	4843	4837
SUPPLY/USE													
Beginning Stocks	Mil. cwt.	49.0	71.5	46.9	64.7	77.3	51.4	31.4	26.7	26.3	24.6	27.4	39.4
Production	"	153.6	99.7	138.8	134.9	133.4	129.6	159.9	154.5	156.1	157.5	179.1	162.0
Imports	"	7	9	1.6	2.2	2.6	3.0	3.8	4.4	4.8	5.3	6.1	6.7
Total Supply	"	203.3	172.1	187.3	201.8	213.3	184.0	195.1	185.6	187.2	187.3	212.6	208.1
UTILIZATION													
Food	"	37.3	33.2	35.8	45.6	51.3	54.9	57.4	60.1	63.8	65.7	68.6	72.2
Seed	"	3.2	3.3	2.8	2.6	2.6	3.6	3.3	3.6	3.6	3.9	3.8	3.8
Brewers	"	13.5	12.8	13.9	14.1	14.8	15.4	15.6	15.4	15.3	15.2	14.7	14.5
Total Domestic	"	54.0	49.3	52.5	62.3	66.7	73.9	76.4	79.1	82.7	84.8	87.1	90.5
PL-480	"	16.7	13.5	13.1	13.8	19.7	16.8	17.5	12.1	15.0	14.0	14.0	11.0
Commercial	"	52.2	56.8	49.0	44.9	64.5	55.4	68.4	65.1	55.9	52.4	63.0	76.0
Total Exports	"	68.9	70.3	62.1	58.7	84.2	72.2	85.9	77.2	70.9	66.4	77.0	87.0
Residual	"	8.9	5.6	8.0	3.5	9.0	6.5	6.0	3.0	9.0	8.7	9.0	9.0
Total Disappearance	"	131.8	125.2	122.6	124.5	161.9	152.6	168.3	159.3	162.6	159.9	173.1	186.5
ENDING STOCKS													
CCC Inventory	"	71.5	46.9	64.7	77.3	51.4	31.4	26.7	26.3	24.6	27.4	39.4	21.6
Free	"	22.3	25.0	44.3	43.6	9.1	0.0	0.0	0.0	0.0	0.4	0.1	0.1
All Stocks/Annual Use	Percent	49.2	21.9	20.4	33.7	42.3	31.4	26.7	26.3	24.6	27.0	39.3	21.5
		54.2	37.5	52.8	62.1	31.7	20.6	15.9	16.5	15.1	17.0	22.8	11.6
PRICES													
Target Price	\$/cwt.	10.85	11.40	11.90	11.90	11.90	11.66	11.15	10.80	10.71	10.71	10.71	10.71
Loan Rate	"	8.14	8.14	8.00	8.00	7.20	6.84	6.63	6.50	6.50	6.50	6.50	6.50
Season/Farm Price	"	7.91	8.57	8.04	6.53	3.75	7.27	6.83	7.35	6.70	7.58	5.90	8.75
5-month Price	"	7.69	8.63	8.14	7.73	3.87	5.71	6.84	7.24	6.25	7.64	6.44	6.50
Deficiency/CLD Rate	"	2.71	2.77/2.70	3.76	3.90/3.50	4.70	4.82	4.31	3.56	4.16	3.07	4.21	4.21
World Price	"	--	--	--	3.16	3.94	5.79	6.21	5.5	5.29	5.78	4.82	4.75
INCOME FACTORS													
Production Mkt. Value	Mil. \$	1246	876	1119	881	500	942	1092	1135	1046	1194	1057	1418
Deficiency Payments	"	267	233	380	375	495	545	555	457	554	458	614	590
Mkt. Loan/Certif.	"	--	--	--	287	388	200	63	170	135	205	287	304
Diversion/PIK	"	--	23	--	93	--	--	--	--	--	--	--	--
Disaster Payments	"	--	--	--	--	--	--	--	--	--	--	--	--
Total Income	"	1513	1132	1499	1636	1383	1687	1710	1762	1735	1857	1958	2312
MILLING RATE	Percent	71.0	71.1	69.6	70.8	71.2	69.9	71.5	72.6	72.0	70.5	70.0	70.0

